

**BAKER
&
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June 17, 1997

Chairman of the Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463
Attention: Jennifer Henry
General Counsel Office

Re: MUR 4633

Dear Chairman McGarry:

This letter and accompanying material are in response to the Federal Election Commission ("Commission") letter of May 5, 1997. The letter stated that the Commission had received a complaint which indicates that the Triad Management Services, Inc. ("Triad") may have violated the Federal Election Campaign Act of 1971, as amended ("Act"). The Commission letter was generated in response to a complaint filed by a Mr. James Anderson. This response will clearly demonstrate that no further action by the Commission should be taken against Triad in this matter.

The factual and legal analysis in Mr. Anderson's letter is fatally flawed. It is based upon no personal knowledge. Mr. Anderson solely "repackaged" a *Wall Street Journal* story, drawing conclusions not reached by the newspaper and which are unsupported by any facts reported in the article.

Triad Management Services, Inc. is a Virginia for-profit corporation owned and operated by Carolyn S. Malenick. Enclosed with this response are promotional materials from Triad, describing Ms. Malenick's business¹. The enclosed materials are those which have been provided to clients and prospective clients for the services of Ms. Malenick's business. Triad is a service business. It serves clients who want advice and assistance on how to make donations to charitable, civic or political organizations. Ms. Malenick and Triad act as an agent for their clients - donors. Triad advises donors regarding which organizations or candidates are the best recipients of donations from the donor's perspective. Robert Riley, Jr. is a client of Triad. Ms. Malenick and Triad are employed by donors.

¹ Attachment A provided to Mr. Robert Riley, Jr.

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WASHINGTON, D.C.

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In addition to advising its clients on appropriate recipient organizations, Triad does assist some of its clients in the transmission of their donations to recipient organizations. This mailing is principally a ministerial function. In the case of contributions to political organizations, however, this enables Triad to fulfill one of its functions for its clients, the recording of donations and keeping track of those donations to ensure their compliance with appropriate contribution limits. Triad is not employed by any political committee, party committee or candidate committee. Triad does not work as an agent for any political candidate, political committee or party organization. Triad is an agent of its clients. The agent, the employee or the consultant of a donor is not a conduit for contributions from that donor. Triad is not an intermediary through which donations are conduited. Triad is the agent of its clients and is working on their behalf in mailing contributions to any organization. The client, not Triad, makes the decision on which committee, organization or candidate shall receive a donation or contribution.

Triad does not work for political candidates, political committees or political party organizations of any type. One of the principal specific services provided to Triad clients is giving advice on which organizations and candidates merit their support based solely upon the clients' goals. Triad works with the clients to ensure that any political donations are within the boundaries of Federal Election Commission regulations.

Triad does not transmit any contributions from its clients to multi-candidate political committees which are earmarked for any specific candidate. Triad specifically advises its clients that their donations to political committees cannot be earmarked for any specific candidate or other political committee. Triad specifically advises its clients that there can be no quid pro quo or arrangement, implied or expressed, by which there is any guarantee or assurance that a particular contribution to a political committee will be used for any specific candidate. Triad does recommend that its clients donate to specific committees based upon the types of candidates which the political committees support and the efficiency of their operation. Triad seeks to assure that its clients' contributions to civic, political or charitable organizations are used to support the desire of its clients, subject to requirements of the Act and other applicable statutes.

Triad did provide Mr. Robert Riley, Jr. with a list of multi-candidate political committees it believed would be appropriate for his consideration. Mr. Riley did contribute to some of the Triad-recommended political committees. Mr. Riley made the decision as to which of the recommended political committees would receive contribution from him.

Political committees to which Mr. Riley made contributions also made contributions to the Robert Riley for U.S. Congress Committee. The contributions from Mr. Riley to these political committees were mailed by Mr. Riley's agent, Triad. The contributions were

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transmitted without any direct or indirect, expressed or implied, oral or written direction or communication of any type that these contributions should be made, or any part of them should be transmitted to any specific candidate. The enclosed letter represented the total direction provided to any political committee on how any contribution from a Triad client should be used².

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To simply link individual contributions to political committees and contributions by political committees to candidates, and allege that this alone is evidence of "money laundering" is reckless. With little effort, the Commission can identify dozens, if not hundreds, of contributors who have contributed to candidates, then contributed to political committees which made contributions to the same candidate they supported. It is not surprising that an individual would contribute to a political committee that supports the candidacies of the type of candidate they support with their individual contributions. That circumstance is the norm; only the reverse raises unusual, hence suspect, circumstances.

The attached affidavit states that these contributions were not transmitted in any earmarked form by Triad for its client³. The clear and absolutely unequivocal affidavit from Ms. Malenick provides the Commission with an appropriate basis on which to take no further action in the matter. There is no legal analysis on which the facts presented to the Commission provide the basis for any action other than the Commission closing this matter.

Sincerely yours,



E. Mark Braden

EMB/rvn

Enclosures

² Attachment B.

³ Attachment C.



TRIAD Management Services, Inc.

Tactical Resources In American Democracy

WHAT IS TRIAD?

TRIAD is a for-profit business.

TRIAD's clients are donors.

TRIAD's services to clients include:

- Development of value-added intelligence and analysis of conservative candidates, campaigns, issues and projects
- Providing to **TRIAD** clients that value added intelligence in order to assist with the clients' decision-making for their political donations
- Guidance to clients in order to maximize their political giving for ultimate success in achieving change in America
- Guidance to clients in compliance with legal and regulatory requirements
- Political due diligence by **TRIAD's** team of experts for specific candidates, campaigns, and projects on an as-requested basis
- Assessment of campaigns for ascertaining qualified candidates recommended to **TRIAD** clients
- Working with conservative political action committees and issue organizations for efforts to maximize their separate funding sources to accomplish common objectives

HOW DOES TRIAD WORK?

- **TRIAD's** clients are individuals who want advice and assistance on how to maximize their charitable, civic or political contributions
- **TRIAD's** clients are **donors** – not candidates or campaigns
- **TRIAD's** clients are assured their objectives are first and foremost: the donors' interest in effecting change is **TRIAD's** top priority
- **TRIAD's** specialty is comprehensive, issue driven **value added intelligence** in a business format, which is not available to the donor from any other source
- **TRIAD** offers **value added intelligence** in two areas: The expertise on how to effectively donate money along with the expertise to assure the money is well spent in successful campaigns for candidates and issues
- **TRIAD** is structured in accordance with all applicable state and federal law with legal opinions prepared for new projects desired or directed by clients

WHO IS TRIAD?

- **TRIAD's** Director: Carolyn Malenick
- **TRIAD's** Legal Counsel: Mark Braden
- **TRIAD's** Political Counsel: Carlos Rodriguez
- **TRIAD's** Finance Director: Meredith O'Rourke

Facts: Contributions to PAC's or Party contributions count against the annual limit for the year written. Contributions to candidates count against the year in which the election is held, regardless of when the contribution is made. I.E.: A contribution to a candidate in 1995 counts toward the 1996 limit.

FEC REGULATIONS: INDIVIDUAL CONTRIBUTION LIMITS

Recipient:	Candidate Committee	PAC	Local and State Party Committee	National Party Committee	TOTAL ALLOWED OVERALL:
Limit:	\$1,000 per election: (Primary & General*)	\$5,000 per calendar year	\$5,000 per calendar year (Combined)	\$20,000 per calendar year	\$25,000 per year combined all recipients

****A Contribution to a candidate in 1995 counts toward the 1996 total contribution limit which means both primary and general contributions go into the 1996 column.***

[illegible]

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May 10, 1996

Mr. Dave Bauer
American Free Enterprise
400 Capitol Mall, Suite 1560
Sacramento, CA 95814

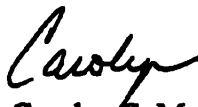
Dear Dave:

Enclosed is a check to your committee from one of *TRIAD*'s participants. Please contact them directly with the appropriate acknowledgment. If you should have any questions regarding this check, please contact *TRIAD* directly.

These contributions are not earmarked in any manner expressed or implied for any specific candidate or committee.

It is your committee's discretion to use this contribution in a manner you deem most appropriate. Once again, please do not hesitate to contact *TRIAD* if you have any additional questions.

Sincerely,



Carolyn S. Malenick
Director

8913 Early Street
Manassas, VA 22110
Phone: (703) 257-0801
Fax: (703) 257-0801

53 D Street, S.E.
Washington, D.C. 20003
Phone: (202) 547-4040
Fax: (202) 547-5303

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May 10, 1996

Mr. Dave Gilliard
Citizens Allied for Free Enterprise PAC
921 11th Street, Suit 600
Sacramento, CA 95814

Dear Dave:

Enclosed is a check to your committee from one of *TRIAD*'s participants. Please contact them directly with the appropriate acknowledgment. If you should have any questions regarding this check, please contact *TRIAD* directly.

These contributions are not earmarked in any manner expressed or implied for any specific candidate or committee.

It is your committee's discretion to use this contribution in a manner you deem most appropriate. Once again, please do not hesitate to contact *TRIAD* if you have any additional questions.

Sincerely,



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Director

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53 D Street, S.E.
Washington, D.C. 20003
Phone: (202) 547-4040
Fax: (202) 547-5303

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May 10, 1996

Mr. Devin Anderson
Faith, Family and Freedom
P.O. Box 76766
Washington, DC 20002

Dear Devin:

Enclosed is a check to your committee from one of *TRIAD*'s participants. Please contact them directly with the appropriate acknowledgment. If you should have any questions regarding this check, please contact *TRIAD* directly.

These contributions are not earmarked in any manner expressed or implied for any specific candidate or committee.

It is your committee's discretion to use this contribution in a manner you deem most appropriate. Once again, please do not hesitate to contact *TRIAD* if you have any additional questions.

Sincerely,



Carolyn S. Malenick
Director

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53 D Street, S.E.
Washington, D.C. 20003
Phone: (202) 547-4040
Fax: (202) 547-5303

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May 10, 1996

Mrs. Phyllis Schlafly
Eagle Forum PAC
316 Pennsylvania Ave., SE
Suit 203
Washington, DC 20003

Dear Phyllis:

Enclosed is a check to your committee from one of *TRIAD's* participants. Please contact them directly with the appropriate acknowledgment. If you should have any questions regarding this check, please contact *TRIAD* directly.

These contributions are not earmarked in any manner expressed or implied for any specific candidate or committee.

It is your committee's discretion to use this contribution in a manner you deem most appropriate. Once again, please do not hesitate to contact *TRIAD* if you have any additional questions.

Sincerely,



Carolyn S. Malenick
Director

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Manassas, VA 22110
Phone: (703) 257-0801
Fax: (703) 257-0801

53 D Street, S.E.
Washington, D.C. 20003
Phone: (202) 547-4040
Fax: (202) 547-5303

AFFIDAVIT

MUR 4633

(1) I, Carolyn S. Malenick, reside at Manassas, VA 20110.

(2) Triad Management Services, Inc ("Triad") is a Virginia for-profit corporation I founded and own. I am the Chief Operating Officer of Triad.

(3) Triad is a service business. It serves clients who want advice and assistance on donations to charitable, civic or political organizations. Triad is not employed to represent any organizations which receive political contributions. Triad had no clients which are political candidates, committees or political party organizations.

(4) Triad does not operate as a conduit for contributions for or to any political organizations. Triad does transmit for its clients their donations or contributions to charitable, civic or political organizations. Triad acts solely as the agent of its clients.

(5) Triad does not submit any contributions from its clients to political committees which are earmarked for any specific candidate. Triad specifically advises its clients that donations to multi-candidate political committees cannot be earmarked for any specific candidate or other political committee. No political contributions have been transmitted by Triad for its clients to any multi-candidate political committees which have in any manner been earmarked for any candidate or political committee. No contribution has been transmitted by Triad for any client which included any designation, instruction or encumbrance, whether direct or indirect, expressed or implied, oral or written, which resulted in any or all of the contribution or expenditure being directed to a specific candidate for federal office.

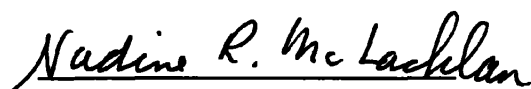
(6) Triad has not acted as a conduit for federal political contributions. It has forwarded no earmarked contributions to any candidate or political committee.

(7) The contributions from Robert Riley Jr., mailed by Triad to Conservative Campaign Fund, American Free Enterprise, Citizens Allied for Free Enterprise and Faith, Family and Freedom were not earmarked in any manner for the Robert Riley for U.S. Congress campaign.


Carolyn S. Malenick

SUBSCRIBED AND SWORN To before me
This 16th day of June, 1997

NADINE R. McLACHLAN
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires November 14, 1998



My Commission Expires: _____

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